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RURAL ELECTRIFICATION ADMINISTRATION

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The Rural Electrification Administration has arranged with all manufacturers of electric meters for a new group purchasing plan, whereby REA-financed cooperatives will benefit by substantial economies through buying in larger lots than were customary heretofore.

Briefly, the plan is this: REA will accumulate requests of its borrowers for bids on their individual meter requirements until such requests attain the volume on which manufacturers grant their greatest discounts and most favorable terms. Then REA will invite all the meter manufacturers to bid for the supplying of meters required by a dozen or so cooperatives, rather than having each firm bid on each individual order separately. In the past few months appropriate quantities of meters to qualify for such group purchases have been reached at about two weeks' intervals.

REA will not handle any orders itself, nor will it buy or sell the meters. It will merely accumulate the requests until a sufficient quantity are on hand. It will then ask bids, not on its own behalf but for its borrowers, on the total of the individual requirements. The successful bidder will deliver meters direct to the projects in accordance with the individual orders, and bill each cooperative for its portion of the group purchase at the unit price of the entire accumulated order.

This plan reduces sales cost to manufacturers, saves the time of a busy cooperative staff and gives farm people the benefit of large scale buying and production in the form of lower prices.

